

The Select Board strongly supports the local option meals tax and the increase to the local option lodging tax. We have been actively advocating with our legislators on Beacon Hill for the ability to collect these taxes, and we appreciate that these measures have passed. Now every community has the opportunity to decide if these taxes are appropriate for them.

We believe these taxes are appropriate for Amherst. Why?

- **We need the revenue.**

These taxes would go into effect September 1<sup>st</sup>, and for the balance of FY10, they would be projected to bring in \$250,000 (\$150,000 from meals, \$100,000 from lodging.) For FY11, the projections are for \$375,000. (\$225,000 from meals, \$150,000 from lodging.)

- **These let us collect local taxes from our primary industry: Education.**

The meals tax would allow us to capture a small local tax benefit from our large student population. Currently, students who live on campus aren't reached by local taxation at all. (Off-campus students do contribute to property taxes through their rent.) Additionally, much local lodging is driven by campus events, so increasing the local benefit of those events makes good financial sense.

- **New revenue streams help to reduce our reliance on the property tax.**

These are small, but every little bit helps.

The most common concern about such local taxes is that they may drive business to a town that doesn't have the additional tax. The Select Board doesn't believe this is a significant risk.

- **Widespread acceptance of these taxes is expected.**

Every community is facing tough financial situations, and most will probably opt for this additional revenue.

- **The competitive difference is very small.**

For a \$25 restaurant bill, it's a 19 cent difference with this 0.75% tax. For a \$100 bill, it's 75 cents. We don't expect such tiny margins to affect many people's dining choices. The lodging numbers are harder to compare because communities may already be at different tax levels. But even comparing a 6% community to a 0% one, the difference in lodging expenses would be \$12 on a \$200 bill, and \$30 on a \$500 bill. The added expense to individuals is small while the aggregated benefit to the town is large.

The Select Board urges your support for Articles 1 and 2.